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COUNTRY: COMMUNIST CHINA

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CPW Report No. 42-A -- COMMUNIST CHINA

(Sept. 29 - Oct. 5, 1952)

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## 1. (1a) Soviet Economic Penetration:

Peking in numeral code (Sept. 30 - Oct. 2) discussed completion of the Tientsin-Lanchow Railway under Soviet direction, and beginning of the Lanchow-Sinkiang link, stressing the great part played by the Russians in construction, and the railroads' value to the Northwest. Nomads now would "use their wool for industrial purposes" rather than for blankets, factories would be established at Lanchow, and China Proper would have a new link with an area rich in petroleum, copper, and coal, "materials which also are abundant in the USSR."

## 2. (1b) Sino-Mongolian Friendship:

Peking (Oct. 4-5) praised the Sino-Mongolian cultural and economic agreement completed Oct. 3, saying it would extend and strengthen friendly relations "between the two nations," as well as promote economic cooperation. Mukden, Wuhan, and Kunming (Oct. 5) reported signing of the new treaty.

## 3. (1b) National Day:

Peking in numeral code (Sept. 30) broadcast a national day interview with the Soviet Foreign Cultural Association deputy chairman on his impressions of China; (Oct. 1) quoted from the Soviet Army paper KRASNAYA ZVEZDA; (Oct. 2) reported a meeting of Soviet cultural workers in honor of National Day; and (Oct. 3) told of Moscow front-page stories of messages to Mao Tse-tung. Peking announced (Oct. 2) that Moscow papers played up the celebrations, and the Soviet people took part. Messages from Stalin and Vishinsky were broadcast by Peking, Wuhsi, and Kunming (Sept. 30).

Peking in numeral code (Oct. 4) sent a correction saying that the message from the Soviet Foreign Cultural Relations chairman to Sino-Soviet Friendship Association chairman Liu Shao-chi was in honor of the third anniversary of the founding of the SPCA, not National Day.

## 4. (1b) Peking Peace Conference:

Peking reported in numeral code (Sept. 29) that Soviet professor Kushenko, who attended the Preparatory Conference for the Asian and Pacific Peace Conference, had given an interview on his impressions of China.

Peking stated (Oct. 5) that the main report on economic relations at the first sessions of the conference was given by Suroso of Indonesia, with delegates from Canada, Britain, India, and Ceylon contributing. Peking (Oct. 2) quoted from a message by Paul Robeson, and asserted (Oct. 4) that the peace conference had received praise from the press in America, Indonesia, Pakistan, and Europe, while New Zealand and Australian delegates were taking an active part.

## 5. (1a) Soviet Technical Guidance:

Peking in numeral code (Sept. 29) quoted Li Fu-shun, Finance Committee deputy chairman, as saying China's industrial production had been restored in 3 years with the assistance of Soviet experts, and now the lessons of the USSR should be followed in organizing for economic construction. "The Soviet Communist Party is our best teacher; we must learn from them."

Peking in numeral code (Oct. 3) quoted Kao Kang on the need for skilled personnel in the Northeast, and the demand for "progressive elements" in advanced technical schools there "to study economics and Soviet experiences." Shanghai (Oct. 4) broadcast an article by Tan Cheng-lin, East China deputy chairman, "Reform East China Industries By Fully Utilising Soviet Experiences," which detailed industrial progress in East China, and added: "The workers in East China owe much of their advancement to the assistance of Soviet experts and the adoption of progressive Soviet experiences."

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Peking in numeral code (Sept. 28) enumerated achievements of Chinese science in locating coal veins, forecasting weather, fighting American bacteriological warfare, and increasing agricultural production, through Soviet methods and under the guidance of Soviet technicians.

Peking in numeral code (Sept. 29) quoted Minister of Railways Teng Tai-yuan as saying train speed had been increased tremendously, repairs made effectively, and rates lowered through centralized control--all because of Soviet advice. Soviet technicians had built in 2 years the Chungking-Chengtu Railway, which reactionary authorities failed to complete in 40 years. Sian (Oct. 2) praised Soviet technicians for construction of the Tientsin-Lanchow Railway.

#### 6. (2a) War Burdens:

Peking in numeral code (Oct. 3) quoted Northeast chairman Kao Kang as saying China had achieved the necessary conditions for a national construction program of adequate proportions, including assistance of Soviet technicians, but that one major obstacle was "the military threats of the American imperialists and their acts of aggression." It was necessary to emulate the Soviet and build heavy industry first, which "is difficult, but quicker."

#### 7. (2c) Trade Problems:

Shanghai revealed (Oct. 3) that Government loans to private industry in Shanghai had increased 58.2 percent, 90 percent going to textile mills, and processing rates on contracts had trebled. Peking announced in numeral code (Oct. 2) that the semiprivate Shanghai Textile Machinery Company, launched Sept. 30, would promote greatly mechanization of the textile industry.

Peking in numeral code (Sept. 29) quoted Minister of Foreign Trade Yeh Chi-chuang as saying the trade increase in the past 2 years had illustrated the correctness of Communist policy and demonstrated failure of the American imperialist blockade, which served only to eradicate semicolonial dependence, the sufferers being those nations which helped America implement the embargo. Now some of these nations faced economic crisis, and felt they must resume trade with China. "In truth, industrial goods and raw materials from many countries really are needed in China's peaceful construction, but American imperialists have barred peaceful trade with China by labeling many items strategic materials."

China now exported such articles as rice, tobacco, hemp, and cotton, and "in the future could be self-sufficient." Seventy percent of China's trade now was with the USSR and People's Democracies, as contrasted to 26 percent in 1950, but "it is wrong to believe, as some people do, that if we enlarge our trade with the USSR and People's Democracies, trade with other Western nations will be affected. After the liberation, China traded with Western nations until the American embargo. However, this situation is not unchangeable." As to trade with the United States, "if the American people make an effort to wipe out" the embargo, this could be resumed.

Peking reported (Oct. 5) that a trade agreement had been signed with Ceylon to provide rice, in exchange principally for rubber. A Ceylon delegate at the peace conference testified that the American embargo had injured nations wanting to trade with China, including his own, where Americans forced down the price of rubber and threatened to stop economic aid. He declared Anglo-American imperialists desired to keep dependent nations in economic bondage. "The United States is not interested in giving financial assistance. The Point Four Program was never meant to be carried out."

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## 8. (3a) Counterrevolutionary Indications:

Shanghai (Sept. 29) broadcast revelations by Minister of Public Security Lo Jui-ching that despite the deathblow to reactionaries and counterrevolutionaries, in South and Southwest China large numbers still caused "serious trouble." Even the old liberated areas had "minor disturbances," and in minority areas "counterrevolutionaries have utilized racial animosities to arouse opposition to the people's regime." Lo added: "Certain counterrevolutionary forces operating along our land borders and sea frontiers would have been wiped out long ago if they did not have the assistance of the imperialists."

## 9. (3c) Strengthening Party Controls:

Kunming announced (Sept. 30) that 680 local party members had been sworn in on National Day. Chungking said (Oct. 3) that the KUNG JEN PAO of Chengtu, Szechwan, began publication Oct. 1, and the people's provincial radio station started operations in the same city.

Shanghai (Sept. 29) in a dissertation on Party loyalty, and "dogmatists" as contrasted to "experimentalists," admitted that many Party members "did not even like to attend classes," and asked transfers to avoid attendance.

## 10. (3e) Agricultural Remolding:

Peking in numeral code (Oct. 4) reported that during the past 3 years 137 State farms had been organized in the Northwest. Production had been greatly increased, but "many farm management personnel still are retarded by their capitalistic thinking, and must overcome this error at once."

## 11. (4) Concern with Japan:

Peking asserted in numeral code (Sept. 29) that American authorities had instructed the Japanese not to discuss rearmament during the election campaign; Yoshida admitted the police reserve was an embryonic army; Americans secretly were aiding Japanese aircraft manufacturers, contrary to international agreements; and Japanese industrial potential was being restored to support military activities in Korea.

Peking stated (Oct. 3) that Japanese students met in Tokyo, despite police interference, to oppose conscription, agreements with the United States, and the refusal of passports to Peking delegates.

Peking (Oct. 4) quoted Kameda, Japanese delegate to the peace conference, as charging the United States with remilitarizing Japan against the wishes of the Japanese people, who preferred instead, "to throw off the American occupation" and "unite with the people of Asia." The Australian delegate was quoted as saying the "unilateral peace treaty" with Japan was signed by the Australian Government, "but not the people of Australia."

## 12. (4) Overseas Chinese:

Peking (Oct. 1) broadcast a talk by Ho Hsiang-ming, Overseas Chinese Affairs Commission chairman, saying the "patriotic unity of Chinese abroad is gaining solidarity. Remnants of the Chiang Kai-shek bandit clique now find themselves isolated." Yet Chiang Kai-shek bandits were said to be causing "internal dissension" among Overseas Chinese, and the Thai, Malayan, and Philippine Governments were charged with mistreating, robbing, and oppressing Chinese.

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